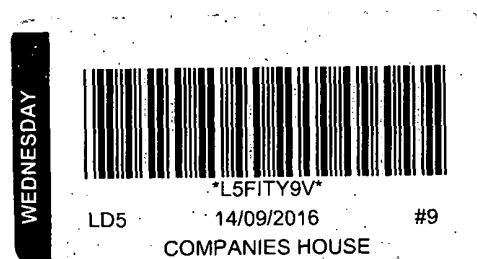


REGISTERED NUMBER: 02496522 (England and Wales)

GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015  
FOR  
AIRCRAFT CAPITAL LIMITED



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**for the year ended 31 December 2015**

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**AIRCRAFT CAPITAL LIMITED**

**COMPANY INFORMATION**  
**for the year ended 31 December 2015**

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**DIRECTORS:**

J P M Schlatmann  
A-B Tieleman  
B Brouns  
R N Arthur

**REGISTERED OFFICE:**

5th Floor  
6 St Andrew Street  
London  
EC4A 3AE

**REGISTERED NUMBER:**

02496522 (England and Wales)

**AUDITORS:**

KPMG LLP  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR

**GROUP STRATEGIC REPORT**  
**for the year ended 31 December 2015**

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The directors present their strategic report and audited consolidated financial statements for the group for the year ended 31 December 2015.

**PRINCIPAL ACTIVITY**

The group's principal activity is the leasing out of aircraft.

**REVIEW OF BUSINESS**

The directors do not currently anticipate any change in the groups business or activities in the future.

During the year the group has generated a profit of €1,342,000 (2014 - €190,000 loss) and net cash inflow after financing of €502,000 (2014 - €1,170,000). As the outstanding finance lease and loan creditors, and related interest charges, decline over coming years, the group is expected to begin generating profitable trading results.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The group operates in a difficult market of limited scale leasing activities. Due to the straight forward nature of the group, the group directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the group.

The group is exposed to risks associated with identifying suitable lessees for the group's aircraft, at financially viable rentals, and the associated risk of default by lessees. The group's activities also expose it to the financial risks of changes in foreign exchange currency rates. This is managed on a group basis and the group does not enter into forward contracts or hedging arrangements.

Liquidity risk is managed by actively monitoring the liquidity and cash flow position of the group to ensure it has sufficient cash in order to fund its activities.

**GROUP STRATEGIC REPORT**  
**for the year ended 31 December 2015**

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**SIGNIFICANT EVENTS**

On 31 March 2015, the lease agreement between the subsidiary company, Aircraft Capital Leasing I Limited and Cimber A/S was terminated. During the following months the subsidiary company was unable to find another lessee willing to lease the aircraft.

Due to the termination of the lease agreement with Cimber A/S, the subsidiary company was unable to make scheduled mortgage repayments to RBS during 2015. Consequently on 15 September 2015, PricewaterhouseCoopers LLP (the Receiver) was appointed to act as joint receiver and agent of the seller, with the intention of selling the aircraft and liquidating the subsidiary company's assets, in order to partially repay RBS.

On 15 October 2015 an agreement was reached between the Receiver and an external third party for the sale of one aircraft for US\$1,450,000, which was used to reimburse RBS.

On 1 June 2015 the subsidiary company, Aircraft Capital Leasing A Limited, sold one of its aircrafts for US\$940,000. Under the shareholder agreement, a special dividend of US\$940,000 will be payable to the shareholder KLM Royal Dutch Airlines as a result of this sale when distributable profits are available.

**GOING CONCERN**

Projections from 31 December 2015, prepared by the directors, for the next three and five years, including sensitivity analysis on key assumptions made, anticipates positive operating cash-flows. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual group financial statements.

The directors have considered the financial situation of the subsidiary company, Aircraft Capital Leasing I Limited, including events during the year and subsequent to the period-end. Due to the appointment of the Receiver on 15 September 2015 and the sale of its assets on 15 October 2015, the directors considered that preparing the subsidiary company's financial statements on a going concern basis is not appropriate and therefore the accounts of the subsidiary company are prepared on the break-up basis.

**FUTURE DEVELOPMENTS**

For 2016, the group expects to continue its current leasing activity and will look for possible options for extending its leasing activities.

On 23 June 2016 the UK voted to leave the EU. At the date of signing these accounts the directors do not foresee any immediate risks crystallising, however, they acknowledge the uncertainty that now exists. The directors will continue to keep this under review.

**BY ORDER OF THE BOARD:**

  
J P M Schlattmann - Director

Date: 11 August 2016

**REPORT OF THE DIRECTORS**  
**for the year ended 31 December 2015**

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The directors present their directors' report and audited consolidated financial statements for the group for the year ended 31 December 2015.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2015 (2014 - €nil).

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

JP M Schlatmann  
A-B Tieleman  
B Brouns  
R N Arthur

The directors in office at 31 December 2015 did not have any disclosable interest in the shares of Aircraft Capital Limited or any other group company other than J P M Schlatmann and A-B Tieleman who both maintain an indirect interest as a result of 50% and 25% shareholdings respectively in GA-Finance b.v., incorporated in the Netherlands, the ultimate parent undertaking.

**POLITICAL CONTRIBUTIONS**

The group made no political donations or incurred any political expenditure during the year (2014 - €nil).

**TRANSITION TO FRS 102**

During the year the group transitioned from UK GAAP to new UK GAAP Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Ireland" ("FRS 102"). The prior year comparatives have also been re-stated under the new standards. There were no material recognition or measurement differences arising on adoption of FRS 102. Further information on the impact can be found in the notes to the financial statements.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who held office at the date of approval of this report of the directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AIRCRAFT CAPITAL LIMITED (REGISTERED NUMBER: 02496522)

REPORT OF THE DIRECTORS  
for the year ended 31 December 2015

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**AUDITORS**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

**BY ORDER OF THE BOARD:**



J.P. M. Schlatmann - Director

Date: 4 August 2016

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
AIRCRAFT CAPITAL LIMITED**

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We have audited the financial statements of Aircraft Capital Limited for the year ended 31 December 2015 on pages seven to twenty four. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*S Beavis*

Stephanie Beavis (Senior Statutory Auditor)  
for and on behalf of KPMG LLP  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR

Date: 15 August 2016



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**for the year ended 31 December 2015 (comparative information for 2014 is located on page 8)**

	Notes	2015 Continuing €'000	2015 Discontinued €'000	2015 Total €'000
<b>TURNOVER</b>		7,012	438	7,450
Cost of sales		<u>(4,317)</u>	<u>-</u>	<u>(4,317)</u>
<b>GROSS PROFIT</b>		2,695	438	3,133
Administrative expenses		<u>(274)</u>	<u>(134)</u>	<u>(408)</u>
		2,421	304	2,725
Other operating income		<u>-</u>	<u>1,067</u>	<u>1,067</u>
<b>OPERATING PROFIT</b>	4	2,421	1,371	3,792
Interest payable and similar charges	5	<u>(2,319)</u>	<u>(131)</u>	<u>(2,450)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		102	1,240	1,342
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>102</u>	<u>1,240</u>	1,342
<b>OTHER COMPREHENSIVE INCOME</b>				
Loss on FX translation				(343)
Income tax relating to other comprehensive income				<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>				<u>(343)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>				<u>999</u>
Profit attributable to: Owners of the parent				<u>1,342</u>
Total comprehensive income attributable to: Owners of the parent				<u>999</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2015**

	Notes	2014 Continuing €'000	2014 Discontinued €'000	2014 Total €'000
<b>TURNOVER</b>		7,113	816	7,929
Cost of sales		<u>(4,362)</u>	<u>(714)</u>	<u>(5,076)</u>
<b>GROSS PROFIT</b>		2,751	102	2,853
Administrative expenses		<u>(252)</u>	<u>(141)</u>	<u>(393)</u>
<b>OPERATING PROFIT/(LOSS)</b>	4	2,499	(39)	2,460
Interest payable and similar charges	5	<u>(2,434)</u>	<u>(217)</u>	<u>(2,651)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		65	(256)	(191)
Tax on profit/(loss) on ordinary activities	6	<u>-</u>	<u>1</u>	<u>1</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u>65</u>	<u>(255)</u>	<u>(190)</u>
<b>OTHER COMPREHENSIVE INCOME</b>				
Loss on FX translation				(479)
Income tax relating to other comprehensive income				-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>				<u>(479)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>				<u>(669)</u>
Profit/(loss) attributable to: Owners of the parent				<u>(190)</u>
Total comprehensive income attributable to: Owners of the parent				<u>(669)</u>

The notes on pages 15 to 24 form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**for the year ended 31 December 2015**

	Notes	2015 €000	2014 €000
<b>FIXED ASSETS</b>			
Tangible assets	8	46,697	52,922
Investments	9	-	-
		<u>46,697</u>	<u>52,922</u>
<b>CURRENT ASSETS</b>			
Debtors	10	585	792
Cash at bank	11	<u>3,016</u>	<u>2,514</u>
		3,601	3,306
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>(6,638)</u>	<u>(9,350)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(3,037)</u>	<u>(6,044)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		43,660	46,878
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	<u>(46,665)</u>	<u>(50,882)</u>
<b>NET LIABILITIES</b>		<u>(3,005)</u>	<u>(4,004)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	-	-
Retained earnings	17	<u>(3,005)</u>	<u>(4,004)</u>
<b>SHAREHOLDERS' FUNDS</b>	20	<u>(3,005)</u>	<u>(4,004)</u>

The financial statements were approved by the Board of Directors on 11 August 2016 and were signed on its behalf by:

  
 J P M Schlatmann - Director

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**for the year ended 31 December 2015**

	Notes	2015 €'000	2014 €'000
<b>FIXED ASSETS</b>			
Investments	9	<u>984</u>	<u>984</u>
		<u>984</u>	<u>984</u>
<b>CURRENT ASSETS</b>			
Debtors	10	3	3
Cash at bank	11	<u>101</u>	<u>95</u>
		104	98
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>(1,174)</u>	<u>(1,037)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,070)</u>	<u>(939)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(86)</u>	<u>45</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	-	-
Retained earnings	17	<u>(86)</u>	<u>45</u>
<b>SHAREHOLDERS' FUNDS</b>	20	<u>(86)</u>	<u>45</u>

The financial statements were approved by the Board of Directors on 11 August 2016 and were signed on its behalf by:

  
J P M Schlatmann - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2015**

---

	Retained earnings €'000	Total equity €'000
Balance at 1 January 2014	(3,335)	(3,335)
Changes in equity		
Total comprehensive income	<u>(669)</u>	<u>(669)</u>
Balance at 31 December 2014	<u>(4,004)</u>	<u>(4,004)</u>
Changes in equity		
Total comprehensive income	<u>999</u>	<u>999</u>
Balance at 31 December 2015	<u><u>(3,005)</u></u>	<u><u>(3,005)</u></u>

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2015**

---

	Retained earnings €'000	Total equity €'000
Balance at 1 January 2014	760	760
Changes in equity		
Total comprehensive income	<u>(715)</u>	<u>(715)</u>
Balance at 31 December 2014	<u>45</u>	<u>45</u>
Changes in equity		
Total comprehensive income	<u>(131)</u>	<u>(131)</u>
Balance at 31 December 2015	<u><u>(86)</u></u>	<u><u>(86)</u></u>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the year ended 31 December 2015**

	Notes	2015 €'000	2014 €'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	8,968	8,487
Interest paid		(2,450)	(2,651)
Tax paid		-	(97)
<b>Net cash from operating activities</b>		<b>6,518</b>	<b>5,739</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		-	(329)
Sale of tangible fixed assets		857	-
<b>Net cash from investing activities</b>		<b>857</b>	<b>(329)</b>
<b>Cash flows from financing activities</b>			
Loan movement in year		(2,824)	(367)
Capital repayments in year		(4,049)	(3,873)
<b>Net cash from financing activities</b>		<b>(6,873)</b>	<b>(4,240)</b>
<b>Increase in cash and cash equivalents</b>		<b>502</b>	<b>1,170</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<b>2,514</b>	<b>1,344</b>
<b>Cash and cash equivalents at end of year</b>	2	<b>3,016</b>	<b>2,514</b>

The notes on pages 15 to 24 form part of these financial statements

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS  
for the year ended 31 December 2015**

**1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2015 €000	2014 €000
Profit/(loss) before taxation	1,342	(191)
Depreciation charges	4,316	5,127
Profit on disposal of fixed assets	(141)	-
Gain/(loss) on Translation	1,263	(169)
Exchange on loan balances	78	80
Finance costs	<u>2,450</u>	<u>2,651</u>
	9,308	7,498
Decrease in trade and other debtors	207	252
(Decrease)/increase in trade and other creditors	<u>(547)</u>	<u>737</u>
<b>Cash generated from operations</b>	<u><b>8,968</b></u>	<u><b>8,487</b></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Consolidated Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2015**

	31.12.15 €000	1.1.15 €000
Cash and cash equivalents	<u>3,016</u>	<u>2,514</u>

**Year ended 31 December 2014**

	31.12.14 €000	1.1.14 €000
Cash and cash equivalents	<u>2,514</u>	<u>1,344</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2015**

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**1. GENERAL INFORMATION**

Aircraft Capital Limited ("the Company") is a private limited company incorporated and domiciled in England and Wales, registration number 02496522. The address of its registered office is 5th Floor, 6 St. Andrew Street, London, EC4A 3AE.

**2. ACCOUNTING POLICIES**

**Accounting convention**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

**Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Directors and Strategic Report on pages 2 to 5. The directors have considered the factors that impact the group's future development, performance, cash-flows and financial position along with current liquidity, in forming their opinion on the going concern status.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

**Going Concern**

Projections from 31 December 2015, prepared by the directors, for the next three and five years, including sensitivity analysis on key assumptions made, anticipates positive operating cash-flows. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements of the subsidiary company, Aircraft Capital Leasing I Limited, have been prepared on a basis other than that of going concern and include where appropriate, writing down the subsidiary's assets to net realisable value. The directors have considered the financial situation of the subsidiary company including any events subsequent to the period-end.

On 15 September 2015, the Receiver was appointed to the subsidiary company to act as a joint receiver and agent of the seller, with the intention of selling the aircraft and liquidating the subsidiary company's assets. On 15 October 2015 and agreement was reached between the Receiver and an external third party for the sale of the aircraft for US\$1,450,000.

Due to the appointment of the Receiver and subsequent sale of the subsidiary company's revenue generating assets, the directors consider that including the results of this subsidiary company on a going concern basis is not appropriate. It is the expectation of the Board of Directors that the subsidiary company will be liquidated in the twelve months following the date of signing of these consolidated financial statements. As a result the results of the subsidiary company have been presented as discontinued.

**Functional currency**

The financial statements are presented in Euros, the functional currency of the company.

On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates prevailing at the balance sheet date. Income and expenses are translated at the average exchange rates for the year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2015**

---

**2. ACCOUNTING POLICIES- continued**

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2015. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

**Investments**

Investments in subsidiary undertakings are stated at cost less amounts written off.

**Tangible fixed assets and depreciation**

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Aircraft and related engines      4 - 10 years

Additional depreciation is charged to reduce the carrying value of specific assets to their recoverable amount where impairment is considered to have occurred.

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**Leases and lease income as lessor**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Operating lease rentals receivable are credited to the profit and loss account on a straight line basis over the period of the lease.

Where fixed assets are financed by leasing agreements which transfer to the company substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit. Assets held under finance leases are depreciated over the shorter of the lease terms and the estimated useful lives.

**Turnover**

Turnover derives from operating leases of aircrafts. Lease income is recognised over the lease term on a straight-line basis. Incentives for the agreement of a new or renewed operating leases are recognised as a reduction of the rental income over the lease term, irrespective of the incentives nature or form, or the timing of payments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2015**

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**2. ACCOUNTING POLICIES - continued**

**Taxation**

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand and monies held in the group bank account.

**Debtors**

Short term debtors are measured at transaction price less any impairment.

**Creditors**

Short term trade creditors are measured at the transaction price.

**Classification of financial instruments issued by the Company**

Following the adoption of FRS 102, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

**3. DIRECTORS' EMOLUMENTS**

There were no employees during the year (2014 - nil).

No directors received any remuneration from or in respect of the group or the company during the year (2014 - €nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2015**

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	2015 €'000	2014 €'000
Impairment of owned fixed assets	-	590
Depreciation of owned tangible fixed assets	45	266
Depreciation of leased tangible fixed assets	4,271	4,271
Exchange gain/(loss)	50	122
Bad debts	-	(25)
Provision for maintenance written off	(1,067)	-
Auditors' remuneration		
-Audit of these financial statements	11	19
-Other services relating to taxation	17	14

The analysis of the groups turnover by geographical area was,99.98% to the rest of Europe and 0.02% to Australia.

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2015 €'000	2014 €'000
Interest on finance lease	2,319	2,495
Mortgage	103	133
Interest payable to related undertaking	28	23
	<u>2,450</u>	<u>2,651</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2015**

**6. TAXATION**

**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the loss on ordinary activities for the period was as follows:

	2015 €'000	2014 €'000
Current tax:		
UK Corporation Tax	-	(1)

UK corporation tax has been charged at 20.25% (31 Dec 2014 - 21.49%)

**Factors affecting the tax charge/(credit)**

The tax assessed is higher (31 Dec 2014 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2015 €'000	2014 €'000
Loss on ordinary activities before tax	1,342	(190)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (31 Dec 2014 - 21.49%)	272	(41)
Effects of:		
Tax losses not utilised	-	(59)
Tax losses utilised in year	(174)	(28)
Unrecognised deferred tax	(8)	132
Other timing differences	-	(5)
Difference in overseas tax rates	(90)	-
	-	(1)

**Factors that may affect future tax charges**

At 31 December 2015 there are accumulated losses of €nil (31 Dec 2014 - €nil) available to the company. Additional accumulated losses available to the group for set off against profits of the same trade which are estimated at €36.57m (31 Dec 2014 - €36.10m). In addition there is €8.07m (31 Dec 2014 - €8.30m) of depreciation charged in excess of capital allowances claimed. A deferred tax asset of €8.00m (31 Dec 2014 - €8.80m) has not been recognised due to the uncertainty of the future profit stream of the company.

In the Budget on 8 July 2015, the Chancellor announced planned reductions in the Corporation Tax rate to 19% from 1 April 2017 and 18% from 1 April 2020. This will reduce any future current tax charge accordingly. The unrecognised deferred tax figure at 31 December 2015 has been calculated based on the rate of 18% being the rate substantively enacted at the balance sheet date.

A further reduction to the corporation tax rate by 1% to 17% by 1 April 2020 was announced in the Chancellor's 2016 budget statement. This further change had not been substantively enacted at the balance sheet date and, therefore, is not included in these financial statements.

**7. LOSS OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the year was €130,765 (31 Dec 2014 - €714,864).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2015**

**8. TANGIBLE FIXED ASSETS**

Group	Plant and machinery €'000
<b>COST</b>	
At 1 January 2015	79,687
Disposals	(10,623)
Exchange differences	(298)
At 31 December 2015	<u>68,766</u>
<b>DEPRECIATION</b>	
At 1 January 2015	26,765
Charge for year	4,316
Eliminated on disposal	(9,907)
Exchange differences	895
At 31 December 2015	<u>22,069</u>
<b>NET BOOK VALUE</b>	
At 31 December 2015	<u>46,697</u>
At 31 December 2014	<u>52,922</u>

Aircraft Capital Leasing A Limited had assets held under a finance lease with a net book value at 31 December 2015 of €46,697,244 (31 Dec 2014 - €50,968,632). The depreciation charge for the year on this asset amounted to €4,271,388 (31 Dec 2014 - €4,271,388).

**9. FIXED ASSET INVESTMENTS**

Company	Shares in group undertakings €'000
<b>COST</b>	
At 1 January 2015 and 31 December 2015.	<u>984</u>
<b>NET BOOK VALUE</b>	
At 31 December 2015	<u>984</u>
At 31 December 2014	<u>984</u>

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Subsidiaries**

**Aircraft Capital Leasing A Limited**  
Country of incorporation: England and Wales  
Nature of business: Aircraft Leasing

Class of shares:	% holding
Ordinary	100.00

The above subsidiary is consolidated within these group accounts.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2015**

**9. FIXED ASSET INVESTMENTS - continued**

**Aircraft Capital Leasing I Limited**

Country of incorporation: Ireland

Nature of business: Aircraft leasing

Class of shares:	%
Ordinary	holding 100.00

The above subsidiary is consolidated within these group accounts.

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Trade debtors	-	171	-	-
Other debtors	11	2	-	-
Prepayments and accrued income	574	619	3	3
	<u>585</u>	<u>792</u>	<u>3</u>	<u>3</u>

**11. CASH AT BANK**

	Group		Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Bank accounts	3,016	2,514	101	95

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Other loans (see note 14)	1,280	3,728	-	-
Finance leases (see note 15)	4,225	4,049	-	-
Trade creditors	575	79	16	-
Amounts owed to group undertakings	-	-	1,142	1,028
Amounts owed to related undertakings	358	321	-	-
Other creditors	-	203	-	-
Accruals and deferred income	200	970	16	9
	<u>6,638</u>	<u>9,350</u>	<u>1,174</u>	<u>1,037</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group	
	2015	2014
	€'000	€'000
Finance leases (see note 15)	45,908	50,133
Amounts owed to related undertakings	757	679
Other creditors	-	70
	<u>46,665</u>	<u>50,882</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2015**

**14. LOANS**

	<b>Group</b>	
	2015	2014
	€'000	€'000
Amounts falling due within one year or on demand:		
Other loans	<u>1,280</u>	<u>3,728</u>

The loan balance of €1,280,000 (31 Dec 2014 - €3,728,000) relates to a bank loan made to the subsidiary company, Aircraft Capital Leasing I Ltd, and is secured on the assets and shares of that company. (See note 19 for further details).

Due to a suspension in loan repayments, arising from the termination of the the lease agreement with Cimber A/S during the year (and the termination of the lease agreement with Air Nostrum in the prior year), the bank loan was in technical default during the year. As a result this full loan balance has been presented as due within one year at 31 December 2015 and 31 December 2014.

**15. LEASING AGREEMENTS**

**Group**

Minimum lease payments under finance leases fall due as follows:

	<b>Finance leases</b>	
	2015	2014
	€'000	€'000
Net obligations repayable:		
Within one year	4,225	4,049
Between one and five years	18,029	18,104
In more than five years	<u>27,879</u>	<u>32,029</u>
	<u>50,133</u>	<u>54,182</u>

**16. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2015	2014
Number:	Class:	Nominal value:	€	€
6	Ordinary	GBP£1	7	7
4	Ordinary	GBP£1	<u>4</u>	<u>4</u>
			<u>11</u>	<u>11</u>

The above called up share capital relates to both the group and the company.

**17. RESERVES**

**Group**

	<b>Retained earnings</b>
	€'000
At 1 January 2015	(4,004)
Profit for the year	1,342
Loss on FX translation	<u>(343)</u>
At 31 December 2015	<u>(3,005)</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2015**

**17. RESERVES - continued**

**Company**

	Retained earnings €'000
At 1 January 2015	45
Deficit for the year	<u>(131)</u>
At 31 December 2015	<u>(86)</u>

**18. RELATED PARTY DISCLOSURES**

The director R N Arthur, is also a director of TMF Management (UK) Limited, which provided professional, accounting and administration services to the company and charged the company €32,206 (31 Dec 2014 - €33,424) for its services during the year. €16,244 was due at 31 December 2015 (31 Dec 2014 - €nil). Aircraft Capital Leasing A Limited was charged €26,115 (31 Dec 2014 - €25,781) by TMF Management (UK) Limited for its services during the year. €8,094 was due at 31 December 2015 (31 Dec 2014 - €nil).

The directors, J P M Schlatmann and A-B Tieleman, are also directors of General Asset-Finance Services b.v., which provided management services to Aircraft Capital Leasing A Limited and charged €90,000 (31 Dec 2014 - €90,000) for its services during the year. No amounts were due at 31 December 2015 (31 Dec 2014 - €nil). Aircraft Capital Leasing I Limited was also charged €90,875 (31 Dec 2014 - €90,124) by General Asset-Finance Services b.v. for its services during the year. €nil was due at 31 December 2015 (31 Dec 2014 - €nil). At 31 December 2015 Aircraft Capital Leasing I Limited owed €357,733 (31 Dec 2014 - €320,900) to General Asset-Finance Services b.v., a group undertaking. Interest of 8% per annum, based on the actual number of days elapsed, a 30 day month and 360 day year, of €28,101 (31 Dec 2014 - €23,471) was payable for the year ended 31 December 2015 and is included in the amount owed.

During the year the group made sales to KLM Royal Dutch Airlines, a shareholder, of €6,859,983 (31 Dec 2014 - €6,859,983). At 31 December 2015, €nil (31 Dec 2014 - €123,000) was owed from KLM Royal Dutch Airlines and €756,742 (USD \$825,000) was held on deposit from KLM Royal Dutch Airlines at the balance sheet date (31 Dec 2014 - €678,845 (USD \$825,000)).

Included within the profit for the year of the company was interest received of €73,510 (31 Dec 2014 - €60,182) from its subsidiary undertaking, Aircraft Capital Leasing I Limited.

At 31 December 2015 the company owed €1,141,620 (31 Dec 2014 - €1,027,514) to its subsidiary undertaking, Aircraft Capital Leasing A Limited.

At 31 December 2015 the company was owed €1,147,405 (31 Dec 2014 - €964,496) from its subsidiary undertaking Aircraft Capital Leasing I Limited. This balance has been provided for in full. During the year a provision of €73,381 (31 Dec 2014 - €765,918) was made for a bad debt.

**ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER**

At 31 December 2015 the directors considered the company's ultimate parent undertaking to be GA-Finance b.v., which is registered in the Netherlands.

The directors also consider that this is the largest group for which group accounts including Aircraft Capital Limited are drawn up.

The financial statements of the company and its group can be obtained from 5th Floor, 6 St Andrew Street, London, EC4A 3AE.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2015**

**19. POST BALANCE SHEET EVENTS**

At 31 December 2015 the subsidiary company, Aircraft Capital Leasing I Limited has a loan with RBS with a balance at that date of €1,279,848 (US\$1,395,290). This loan is non-recourse to the rest of the group and no other group entity has provided any guarantee against this loan. The subsidiary company is expected to be liquidated and at that point the loan will be removed and a gain recognised of €1,279,848 (US\$1,395,290).

**20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Group**

	2015	2014
	€'000	€'000
Profit/(loss) for the financial year	1,342	(190)
Other comprehensive income relating to the year (net)	<u>(343)</u>	<u>(479)</u>
<b>Net addition/(reduction) to shareholders' funds</b>	999	(669)
Opening shareholders' funds	<u>(4,004)</u>	<u>(3,335)</u>
<b>Closing shareholders' funds</b>	<u><u>(3,005)</u></u>	<u><u>(4,004)</u></u>

**Company**

	2015	2014
	€'000	€'000
Loss for the financial year	<u>(131)</u>	<u>(715)</u>
<b>Net reduction of shareholders' funds</b>	(131)	(715)
Opening shareholders' funds	<u>45</u>	<u>760</u>
<b>Closing shareholders' funds</b>	<u><u>(86)</u></u>	<u><u>45</u></u>

**21. TRANSITION TO FRS102**

This is the first year that the company and group has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Adoption of FRS 102 has not resulted in any changes to the group or company's accounts and therefore no reconciliation from the date of transition has been presented. There are no adjustments to equity as at 31 December 2014 and 1 January 2014 and no change to profit for the 2014 financial year.